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MS 61U74 To the ACTA TEM Segment Representatives:

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Dear Colleagues:

Hewlett-Packard (HP) would like to convey several concerns we have about the direction and activities of the newly formed Administrative Council for Terminal Attachment (ACTA). HP believes these concerns are shared by other Telecom Equipment Manufacturer (TEM) segment companies, consequently we seek your support and ask that you work to alleviate these concerns in your roles as TEM segment representatives.

While we realize that the ACTA is still in its formative stage, several events have occurred that we find troubling. We realize that, in accordance with the TIA/ATIS agreement detailed in a November 2, 2000 ATIS memorandum (signed by both ATIS and TIA), ATIS took on significant responsibilities for facilitating the start-up of ACTA. While ATIS may believe it has been operating within the scope of this agreement with the TIA, we believe this arrangement may result in failure of the ACTA to maintain industry balance, to accomplish all of its assigned tasks, and to adequately fund itself. Some of what was proposed at the first meeting may adversely impact ACTA's viability and success. Specifically:

- 1) Selection of the ACTA Director was done poorly in both its manner and choice In the above mentioned TIA/ATIS arrangement, it was agreed that ATIS would become the "secretariat organization." In the first ACTA meeting, ATIS announced that they had hired Mr. Timothy Jeffries and had assigned him to be the "ACTA Director." This appointment presents two problems:
 - a) With all due respect to Mr. Jeffries, his assignment by ATIS as "ACTA Director" was done without benefit of consultation, debate, or ratification by the newly elected ACTA delegates. I spoke personally with several ACTA delegates afterward, and they were surprised by this appointment. While ACTA approval may not have been required under the original TIA/ATIS agreement, we believe it is imperative that any appointment of ACTA staff have consensus approval of ACTA elected representatives in order for them to have the full confidence of ACTA. We believe it's important for ACTA to engage in that debate as soon as possible. Furthermore, we believe that if ACTA showed a lack of confidence in this or any similar appointment, then the sponsoring organization putting forward that candidate should in good faith withdraw that appointment and assign the individual to other duties.
 - b) While we do not debate Mr. Jeffries' competency within fields in which he has experience, those of us who haved been involved in Part 68 matters for some

time don't even know who he is. We believe the job requires someone with far greater knowledge and Part 68 experience. More specifically, one of the important duties that Mr. Jeffries would need to perform is to be a resource on terminal equipment requirements so he can function as the point of contact for questions for industry and government (most importantly, the U.S. Customs Service). We question if Mr. Jeffries has the necessary experience in this area to perform effectively.

We have also heard that a consultant experienced in Part 68 matters may be retained to help Mr. Jeffries in this regard. This is an awkward "fix" to a problem that should not have occurred in the first place. While hiring an experienced consultant may provide a short-term solution, it is unlikely to be a good long term solution. Considering that Part 68 experience is central to the role, selecting someone with that experience in the first place is preferable.

- 2) **ACTA Funding Ideas are Trending in the Wrong Direction -** We understand that a funding proposal was made at the first ACTA meeting that appeared to be based on terminal equipment database fees exclusively, and subsequently applied the bulk of those fees to manufacturers or suppliers who wished to list their products in the database. While we realize this was only a preliminary proposal, it contained elements that we found quite disturbing:
 - a) **Database fees must be equitable and reasonable -** We note that the only entities who get free access to the database are U.S. government agencies, specifically the FCC and U.S. Customs Service. However, to even consider that manufacturers should bear the entire burden for the database and ACTA is clearly unfair and totally unacceptable. It's important to remember that this database has no benefit for manufacturers or suppliers, and that telecom carriers are the principal beneficiary. Consequently, it is entirely appropriate to require that telecom carriers bear their fair share of the burden, which clearly is no less than what manufacturers will pay for access. The only other beneficiary of the database are consumers, and here the FCC has already said that the database must be accessible to consumers at zero or nominal charge.
 - b) ACTA funding must be consistent and broadly based We are also concerned that any ACTA funding plan based solely on database access fees is uncertain at best and unlikely to succeed at worst. We understand that the current FCC database has seen very little accessing activity in recent years, and so it's reasonable to assume that the database under ACTA auspices will also see little activity, except for manufacturers or suppliers who wish to list their products. Assuming that access fees are equitably and appropriately set, they are unlikely to be a reliable or adequate source of funds. Consequently, for ACTA to succeed its funding must be broadly based, and other funding mechanisms must be sought. To suggest a few:
 - It is entirely appropriate to ask both TIA and ATIS to contribute funds at some level because they are on record as "co-sponsors" of the ACTA. We are not in a position to suggest an appropriate level, other than to maintain that "zero" is inappropriate.
 - It's reasonable to assume that ACTA should charge nominal fees for any standards it publishes.
 - While ACTA's focus is and should be on publishing terminal equipment technical criteria, it need not exclude the publication of any other

documents within its scope. These could become an important source of funds.

- c) Initial ACTA Staff Too Large We understand that ATIS is proposing that ACTA have a staff of 4 people, a director, a database manager, and two "coordinators." Also, if a consultant is required as discussed earlier, then this would essentially be a fifth staff person. This seems like too many people at this stage of ACTA development, especially noting the lack of an appropriate funding plan. Furthermore, while decisions of staff support may have been appropriate for ATIS to make up to this time, any staffing decisions going forward should rightfully be that of ACTA now that it is populated and has had its initial meeting.
- 3) A More Balanced TIA/ATIS Sponsorship is Necessary HP believes that it is essential for TIA to take a greater and more active role in its sponsorship of ACTA. While the TIA/ATIS agreement stated that ATIS would be the interim ACTA secretariat, this arrangement calls into question how balanced ACTA really is. It suggests that ATIS, through its position as the ACTA secretariat, has undue influence in the direction and actions that ACTA takes. Arguments that the secretariat role has little influence are baseless. Having exclusive control of all secretariat functions allows ATIS to exert subtle but constant influence on all ACTA activities, and we are concerned that this influence may be disfavorable to manufacturers. Even if this is untrue, the appearance that ATIS has dominant influence will adversely affect ACTA's ability to perform its assigned tasks. We would prefer to see an arrangement where the joint sponsorship of ACTA by TIA and ATIS is more equitable. We also realize that this arrangement is not permanent in that ACTA can choose in 4 years to seek secretariat services elsewhere, but this is far too long to wait.

Finally, HP would like to express its appreciation to each of you for stepping forward to represent our industry segment to the ACTA. Any steps that you can take to alleviate the concerns expressed above will be very much appreciated.

Sincerely,

Scott Roleson

Hewlett-Packard Company

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